

Exhibit 10

From: Edward Dowling(/O=WYCKOFF HEIGHTS MEDICAL CENTER/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=BDOWLING)
Date Sent: 2/22/2007 4:21:49 PM
To: Wah-chung Hsu; 'Raleigh, Tracy'; Dominick Gio; Harold McDonald
CC: 'Lefebvre, Lora'; 'Volk, Larry'; 'Ten Eyck, Peter';
'mvg01@health.state.ny.us'; 'npb03@health.state.ny.us'
Subject: RE: Wyckoff - Investigation Report and relevant cash flow projections

Resent and renamed

Edward J Dowling Jr
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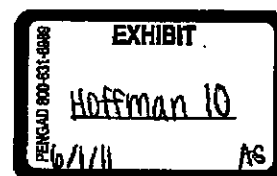
From: Wah-chung Hsu
Sent: Thursday, February 22, 2007 10:47 AM
To: Edward Dowling; 'Raleigh, Tracy'; Dominick Gio; Harold McDonald
Cc: 'Lefebvre, Lora'; 'Volk, Larry'; 'Ten Eyck, Peter';
'mvg01@health.state.ny.us'; 'npb03@health.state.ny.us'
Subject: RE: Wyckoff - Investigation Report and relevant cash flow projections

Wah-chung

From: Wah-chung Hsu
Sent: Thursday, February 22, 2007 9:46 AM
To: 'Raleigh, Tracy'; Dominick Gio; Harold McDonald
Cc: Lefebvre, Lora; Volk, Larry; Ten Eyck, Peter; mvg01@health.state.ny.us;
npb03@health.state.ny.us
Subject: RE: Wyckoff - Investigation Report and relevant cash flow projections

Tracy,

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BQHC 07617

Dominick is on his way to our Central Business Office. We're internally reviewing the data DASNY and DOH requested and will be sending the entire package later this morning.

Wah-chung

From: Raleigh, Tracy [mailto:TRaleigh@dasny.org]
Sent: Thursday, February 22, 2007 9:31 AM
To: Wah-chung Hsu; Dominick Gio; Harold McDonald
Cc: Lefebvre, Lora; Volk, Larry; Ten Eyck, Peter; mvg01@health.state.ny.us; npb03@health.state.ny.us
Subject: Wyckoff - Investigation Report and relevant cash flow projections

Dominic:

In follow up to our call yesterday morning, we have not yet received the investigative report you referenced nor have we received the latest operative cash flow projections for Wyckoff and Caritas. Please send as soon as possible - the addresses in this email are correct for Lora, Larry, Peter and myself.

Thanks,

Tracy Raleigh

Assistant Director, Health Care Portfolio Management

Dormitory Authority of the State of New York

phone: 518 257-3168

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Attachment(s):

DOHDASNYletterfinal.doc

BCHCExpAllocfinal.doc

CBOInternalReview.doc

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BQHC 07618

CARITAS HEALTH CARE ORGANIZATION PERIOD AND START-UP

Development of the Caritas Business Plan

The Caritas business plan was modeled using a blend of Mary Immaculate ("MIH") and St. John's Queens ("SJQ") hospitals and Wyckoff's historical operational performance. Revenue was projected using the MIH & SJQ volumes, financial class mix and case mix and Wyckoff reimbursement rates. Bad debt expense projections utilized Wyckoff and a blend of MIH/SJQ realization rates. Expenses were projected using actual MIH & SJQ staffing patterns, salaries and expenses.

The major components of the turnaround were the reduction of SVCMC System shared services expenses, reduction of bad debt expenses, increased physician Part "B" revenue and increased medical student training revenue. The 2007 Caritas Operating Budget was compared to the Business Plan and based on 2006 actual volumes and staffing patterns and projected a break even bottom line.

Anticipated Potential Periods of Cash Shortage

Two potential periods of cash shortages related to the Caritas acquisition were identified early on. The first period was anticipated just prior to the closing as some of the expenses related to the installation of the Caritas Meditech computer system and the development of the BQHC Central Business Office would need to be paid. Wyckoff had long standing relationships with two international medical schools that had expressed interest in investing in the Caritas project. These pre-closing cash needs were expected to be funded, and were funded with prepaid Caritas clerkship fees. Caritas received \$3.5 million from the American University of the Caribbean on December 1st and \$5 million from Ross University on December 28th.

The second potential period of cash shortages was anticipated around the end of March or the beginning of April as working capital was depleted and receivables ramped up. Additional cash reserves for this period were expected to be met with \$9 to \$10 million in proceeds from the sale / lease back of Caritas's two parking garages. A Term Sheet is expected by February 22nd detailing an \$11 million sale / lease back of those properties. The terms call for a \$2.5 million deposit at contract signing and a closing within 30 to 45 days.

The Caritas back up plan, to the two cash reserve plans, was to finance the hospital properties once the A/R facility borrowing base was established and those properties were available. Discussions with Medical Capital (the firm currently financing the Parkway Hospital property) are progressing. We have requested a \$20 million loan on the hospital properties which would close once the A/R borrowing base is established around the end of April or beginning of

May, HFG has indicated their willingness to approve this borrowing once the A/R base has been established.

Caritas Financed Working Capital (gross dollars)

Prior to closing:

Prepaid Clerkship fees	\$ 8.5 million
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Proceeds at Closing (as per CON):

A/R Facility	15.0 million
Sale of Parson's Manor	<u>10.0 million</u>
Sub-total	\$33.5 million

Potential Working Capital:

Sale / Lease Back of Parking Garages	10.0 million
Financing of Hospital Properties	<u>20.0 million</u>
Total Actual & Potential Financing	\$63.5 million

**Complexities of the Transfer of Sponsorship of
Mary Immaculate & St. John's Queens Hospitals**

Aside from the obvious fact that the hospitals were in bankruptcy and losing money, the transfer of sponsorship of Mary Immaculate & St. John's Queens Hospitals from SVCMC to Caritas was an exceptionally complicated transition.

Many of the hospitals' operations, back office services and information technology systems and support were provided by the SVCMC System. There was no opportunity for Caritas to assume the operations of the hospital and gradually take on these responsibilities. The day the transaction closed these support services became the responsibility of Brooklyn-Queens Health Care, Inc.(BQHC).

Complicating this transition, the year 2006 was a year of transition for support services at Wyckoff. As a result of the change in Wyckoff's affiliation with the New York Presbyterian System in February of 2006 all support services formerly provided by the System became the responsibility of Wyckoff. Wyckoff accelerated required payments in full to NY-Presbyterian for charges prior to change in affiliation status totaling approximately \$9,500,000.

In an effort to reduce IT costs and bad debts related to low dollar high volume patient claims, Wyckoff replaced the Eagle patient accounting system with the Meditech system in August of 2006. The Meditech installation at Caritas, just four months after the installation at Wyckoff, put a severe strain on the Wyckoff IT department's resources.

Typically when a hospital or a hospital system takes control of another hospital, the sponsoring entity is larger than the entity being sponsored. Wyckoff, through BQHC has taken control of two institutions that combined have an operating

budget 18% larger than Wyckoff's. The assumption of the responsibility for Caritas's back office and IT related responsibilities is much more significant than would normally be expected with a typical hospital transfer of sponsorship.

Although MIH & SJQ are one provider, the management of two hospital sites adds to the complexity of the provision of support services, communications and overall operations.

Development of the Transition/Turnaround Plan

During June of 2006 a Mary Immaculate & St. John's Queens Hospitals ("MIH/SJQ") Transition/Turnaround Plan was developed by Wyckoff in conjunction with SVCMC. The plan was comprised of 400 transition and/or turnaround required actions that needed to be completed prior to closing or during the immediate months following the closing. The Plan was updated each week and an agenda was provided for weekly Wyckoff/SVCMC conference calls. There were on average a total of 12 to 18 members of the Wyckoff and SVCMC transition teams on each weekly call to monitor the progress being made on each of the Plan's actions. Harold McDonald maintained the Plan & weekly agendas, and moderated for Wyckoff the weekly calls. Bernadette Kingham-Bez moderated the calls for SVCMC.

During October and November many actions on the Plan were on hold waiting for the final CON approval. The post CON approval ramp up to closing period (from the second week of November to New Years Eve) was a frantic period as the final negotiations to close on the transaction took place, most of the remaining Plan actions were finalized, the Caritas Meditech system was installed, and we readied ourselves for the transition of support services from SVCMC to Wyckoff.

Personnel Assignments and Additions During the Pre-closing Period

In an effort to reduce SVCMC losses and for Wyckoff to get an early start on the transition and turnaround, SVCMC entered into a services agreement with Wyckoff for the interim period prior to the closing of the transaction. Harold McDonald was assigned the administrative responsibilities of MIH/SJQ in September of 2006. Wah-chung Hsu was recruited as the new Wyckoff Chief Financial Officer at the end of August 2006. At that same time, Hal McNeil took on the responsibilities of establishing and managing the new BQHC System Central Business Office ("CBO"). Richard Sarli who at the time was Wyckoff's controller took on the financial responsibilities for the development of the MIH/SJQ 2007 Operating and Capital Budget and is now the Caritas CFO. During the 4th quarter of 2006 Renee Mauriello, Wyckoff's VP for Nursing Services became the BQHC System Nursing VP and took on the nursing leadership roll at MIH/SJQ.

Start-up Period Activities

The first week of operations focused on working through issues related to the SVCMC Invision computer system interface with the Caritas Meditech system, and managing patient waiting times in the clinics and emergency rooms as the front end registration staff became familiar with the new Meditech system. Also during this period, service on the SVCMC email system was discontinued and the Caritas and Wyckoff staff went up on the new BQHC email domain. Numerous significant issues related to the new eTime time keeping and ADP payroll systems were resolved during the last half of the month. Delays related to SVCMC Invision computer system interfaces with the Caritas Meditech system, inaccurate SVCMC charges for patients in house on January first, Meditech system mapping, and clearing house legal issues lead to a three week delay in Caritas's ability to drop bills. Although some Medicaid outpatient mapping issues remain and will take another week to resolve, most back bills have been dropped and current bills are being dropped on a daily basis.

BROOKLYN QUEENS HEALTH CARE**ALLOCATION
OF SHARED SERVICES**

Service	Method of Allocation		
	Wyckoff	MIH	SJQ
Administrative Costs	33.3 %	33.3%	33.3%
CBO General Costs	33.3%	33.3%	33.3%
Accounting/Budget/ Reimbursement	33.3%	33.3%	33.3%
Information Technology:			
Management	33.3%	33.3%	33.3%
General Costs	Percentage of Users	Percentage of Users	Percentage of Users
License Fees	Site Specific	Site Specific	Site Specific
Software Maintenance	Site Specific	Site Specific	Site Specific
Hospital Staff	Site Specific	Site Specific	Site Specific
Payroll	Percentage of FTEs	Percentage of FTEs	Percentage of FTEs
Supply Chain	Percentage of Req's	Percentage of Req's	Percentage of Req's
Revenue Cycle	Percentage of Claims	Percentage of Claims	Percentage of Claims
Faculty Practice	Percentage of Revenue	Percentage of Revenue	Percentage of Revenue